

Approved For Release 2007/06/29 : CIA-RDP80-00810A005300710006-2

25X1

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

REPORT

CD NO.

COUNTRY: East Germany/USSR and Satellites

DATE DISTR. 15 December 1954

SUBJECT DIA-Chemieausruestungen Supply of Pumps to the
USSR and Satellites

NO. OF PAGES 6

PLACE
ACQUIRED

NO. OF ENCLS.
(LISTED BELOW)

25X1

DATE OF
INFO.

SUPPLEMENT TO
REPORT NO.

25X1

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794, OF THE U. S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW THE REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

25X1

1. DIA-Chemieausrustungen is headed by Director Alfred Berger, resident of Berlin-Zeuthen and a member of the SED. Berger is not an export specialist. He has two deputies: First Deputy Director Rudolf Eschler, member of the SED, a "Techniker"; and Second Deputy Director Kurt Bransch, member of the SED, but not a specialist in the export field. DIA-Chemieausrustungen consists of the following departments or sections:

8 Exportkontore (Export sections)

Finance Department

Planning Section

Traffic Department

Section for Internal German Trade

Bookkeeping Section: Chief - position was vacant as of early August 1954.

Personnel Section: Chief - Hellmut Paetz, member of the SED.

2. The eight Exportkontore or export sections, designated by letter and number, are the following, there being no sections numbered 1 - 10 and none between 16 and 20:

a. Kontor CN 11:

Chief of Kontor: Position vacant as of early August 1954. This section handles the export of chemical apparatus to all countries. Until the spring or summer of 1954, Kontor CN 11 also handled the export of equipment for complete chemical plants, but this type of large-scale export shipment was recently transferred to DIA-Invest Export, located in East Berlin on Brunnenstrasse. Because of the complicated nature of the equipment required to supply an entire chemical production plant, frequently involving mechanical equipment and specialized machinery which falls into the sphere of several DIAs, i.e., electro-technical goods, machines, specialized chemical equipment, construction materials, etc., DIA-Invest Export was organized to take over the processing of these complete installations whenever the equipment on order involved separate handling and coordination by two or more individual

CLASSIFICATION SECRET

[illegible]

25X1

SECRET CONTROL/U.S. OFFICIALS ONLY

-2-

DIA organizations. Because Kontor CN 11 was left with only chemical apparatus and equipment to export, there were some discussions within the DIA organization of assigning some additional items to this section. However the question of determining the actual assignment was to remain open for debate at the Leipzig Fair. Chief of this section until his transfer was Grutzmacher (fnu).

In the past the main customer for export deliveries handled by Kontor CN 11 was Poland, with the other satellite areas coming next in line of volume, and the Soviet Union taking only a small percentage of the available production. Source estimates Polish export orders handled by this section for 1954 prior to establishment of DIA-Invest Export as somewhere between 60 and 80 million rubles, which is the amount of money transferred to DIA-Invest Export from the 1954 Plan for CN 11. Poland has bought the following types of equipment in the past:

- (1) Sauerstoffgewinnungsanlagen (Installations for the extraction of synthetic fuels)
- (2) Rektifizierungskolonnen
- (3) Anlagen zur Gewinnung von synthetischen Kraftstoffen

b. Kontor CN 12:

orders handled by this section was the Soviet Union with satellite countries following. Little if any export of this type was made to the capitalist nations.

- c. Kontor CN 13: Kontor CN 13 and Kontor CN 15 all handle export of processing machines for the food industry (Lebensmittelverarbeitungs- und Genussmittelmaschinen). This allocation was in practice only since 15 July 1954, prior to which time there were only two sections for these items, Kontor CN 13 and Kontor CN 14. Prior to 15 July 1954, Kontor CN 13 shipped this type of machinery only to the Soviet Union and its satellites, while Kontor CN 14 shipped machinery of this type to Western Europe, the Near East, Africa, North and South America, and also handled interzonal trade. Because the orders placed by the Soviet Union and the satellites comprised 80 to 90% of available production for this category of machinery, and because the Soviet Union and its satellites placed their orders almost a year in advance, Kontor CN 14, which dealt with free currency areas, usually found itself short-changed on availability of completed equipment when an on-the-spot negotiation with Western countries was called for. This led the East German authorities to recognize the free enterprise system of the Western nations, in which production and availability of goods was not planned some 12 to 24 months in advance of actual production, the sales of these items would not be feasible unless some change in control of individual types of equipment were made. Consequently, the former Kontore CN 13 and CN 14 were reorganized, a third section, Kontor CN 15, was created, and Kontor CN 15 was assigned the responsibility for all orders throughout the world for this type of machinery. It was believed that by this new method of distributing responsibility for allocation of the total productive capacity on any one item, more equitable distribution between Soviet and satellite areas versus capitalist countries could be made with resultant better fulfillment of sales commitments to the Western countries. Under this new system the following pattern of responsibility and jurisdiction emerges:

-2-

SECRET CONTROL/U.S. OFFICIALS ONLY

SECRET CONTROL/U.S. OFFICIALS ONLY

-3-

- (1) Kontor CN 13: Chief - Herbert Gebhardt, member of the SED. Handles export shipment of the following types of machinery and equipment:
Grease processing and extraction machines
Machines for the dairy and milk industries
Small types of food processing equipment
- (2) Kontor CN 14: Chief - Jo [REDACTED]
Handles export shipment of [REDACTED] equipment:
All types of [REDACTED]
Packaging machines [REDACTED]
Machines for the [REDACTED] industry
Machines for [REDACTED] industry
- (3) Kontor CN 15: Chief - Georg Pflueger, member of the SED. Handles export shipment of all machines for processing of cocoa, chocolate and confections; machinery for the sugar-processing industry. Formerly this section also handled the export of machinery for complete sugar refineries, i.e. all the equipment needed to build and operate a complete sugar refinery, but as in the case of Kontor CN 11, this type of shipment now has been transferred to the jurisdiction of DIA-Invest Export.

d. Kontor CN 21: Chief - Hans Leiding, [REDACTED] export [REDACTED] and [REDACTED]

- e. Kontor CN 22: Chief - Heinz Kari, member of the SED.. Since the abolishment of Kontor CN 25, which handled export shipment of pumps of larger dimensions and miscellaneous types of pumps, Kontor CN 22 has been handling the export shipment of all types of pumps manufactured in East Germany. The following types, which are principally of interest to the Soviet Union, Poland and other satellites including China are handled by this section:

Schlammumpen (mud pumps) - exclusively to the USSR
Spinnumpen (rotary pumps)
Kreiselpumpen (centrifugal pumps) of all sizes
Saeurefestepumpen (acid-resistant pumps)
Ceramic pumps

- f. Kontor CN 23: Chief - Walter Lueck, without party affiliation. Handles shipment on export order for all purposes of air-conditioning plants and refrigeration plants (Klima Anlagen und Kuehlanlagen). The only exception made is in the case of a complete cold storage plant (komplettes Kuehlhaus) which is handled by DIA-Invest Export. This section is working at present on the export of refrigeration-testing equipment to be shipped to a [REDACTED] unit in Peking, which is building a material-testing station there. Source did not know the details of the order, the status of delivery of the equipment, [REDACTED] of the equipment or the [REDACTED] number of the ordering unit. [REDACTED] liers of refrigeration and temperature-control apparatus are [REDACTED] plants:

[REDACTED] Richter, Berlin - delivers refrigerators
[REDACTED] lautomat, Berlin-Johannistal - delivers refrigerators
VEB Lufttechnische Anlagen, Goerlitz - delivers air-conditioning systems

-3-

SECRET CONTROL/U.S. OFFICIALS ONLY

SECRET CONTROL
U.S. OFFICIALS ONLY

-4-

5. Each of the above employees has been assigned to the Chief of the Section. Very few of the employees are experienced in either the export field or the technical fields connected with the products they are detailed to handle.
4. Each of the members of the management staff, i.e. the director and deputy directors, the chief bookkeeper and the personnel chief, as well as the heads of each of the export sections, deal on occasion with representatives of the Soviet Trade Delegation in Berlin, Unter den Linden. The negotiations are carried on either in the DIA offices on Mohrenstrasse in East Berlin or in the offices of the Trade Delegation in a wing of the Soviet Embassy building on Unter den Linden. [redacted] of the Soviet Trade Delegation who deal with DIA [redacted] the Soviet procurement orders [redacted] Bychkov (fnu), Gocharenkov (fnu), [redacted] (fnu), who represent Mashinimport. Since 1951 all Soviet procurement orders for pumps have been carried as export orders, reparations deliveries of these items having ended as of early 1952. Reparations orders placed prior to 1952 and subsequent export orders for materials now handled by Kontor CN 22, have all designated the consignee as Mashinimport except for a small group of orders for pumps used in the food industry, which were ordered by Tekhnopromimport. All orders have called for [redacted] port organizations' main office in Moscow; on no [redacted] warehouses or other sub-consignees outside [redacted]
5. [redacted] orders has indicated that a large portion of the [redacted] by the Soviet Trade Delegation for shipment to the USSR and Polish Trade Mission is not actually intended for internal consumption within the USSR and Poland, but rather is re-exported from these countries, either to other satellite areas or even to the West, in exchange for other commodities or hard currencies. A typical example is the case of pumps ordered by the Soviet Trade Delegation [redacted] consigned for direct shipment to China. The [redacted] to obtain this business directly from the Chinese [redacted], but was informed that they would not be permitted to have direct dealings [redacted] these items with the Chinese. They were informed further, that all such [redacted] would be ordered by the Soviet Trade Delegation and would then be further handled as re-export items to China from the USSR. For 1955 the Soviet Trade Delegation has placed an order on behalf of Mashinimport for 400 under-water [redacted] for eventual reshipment to satellite countries. [redacted] learned that it was impossible to negotiate directly with [redacted] representatives in East Berlin on these requirements, either in respect to delivery terms, commitments or with regard to technical specifications; all such dealings [redacted] conducted by the Soviet representatives of Mashinimport. The only satellite country which places sizeable orders [redacted] is Poland. Orders for Polish requirements [redacted] are mainly placed by Polimex, although [redacted] for maritime use. In 1953 Poland indicated [redacted] purchase 800 mud pumps (Schlepppumpen) [redacted] ordered by Wismut A.G., but was turned down by [redacted] the Polish representative then stated that he would [redacted] pumps from Czechoslovakia. The original inquiry was made during the Leipzig Fair [redacted] fall of 1953. It is assumed that Poland was able to negotiate for at least [redacted] between the fall of 1953 and the spring of 1954; when [redacted] approached the Polish Trade Mission in 1954 and indicated [redacted] an order for the original 800 pumps for delivery during 1954 and 1955, the Polish representatives stated that they no longer needed the original 800, but would be willing to negotiate on the basis of an order for 400 such pumps.

-4-

Approved For Release 2007/06/29 : CIA-RDP80-00810A005300710006-2

Page Denied